

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2017-381-A

In Re: Office of Regulatory Staff's Petition
for an Order Requiring Utilities to Report the
Impact of the Tax Cuts and Job Act

AMENDED "EXHIBIT A" TO
MOTION FOR MODIFICATION OF
SCHEDULE OF RATES AND
CHARGES

On May 30, 2018, Carolina Water Service, Inc. ("CWS") moved the Commission for an Order permitting it to immediately place into effect a modification of its existing rate schedule necessitated by changes in the taxability of Contributions In Aid of Construction ("CIAC") under the Tax Cuts and Jobs Act. CWS submitted its proposed tariff revisions as Exhibit A to its motion. CWS has since determine that it desires to more transparently illustrate the reason and calculations for its changes and is hereby submitting a revised "Exhibit A" with proposed revisions toward that end. The justification for the changes remains the same as stated in the company's motion filed on May 30th.

CWS therefore moves this Commission for leave to amend its motion filed May 30, 2018, to file the new tariff provisions in "Exhibit A" attached hereto. CWS also renews its request for leave to participate in the oral arguments scheduled in this docket.

[Signatures follow on next page]

RECEIVED
JUN 13 2018
PSC SC
MAIL / DMS

Respectfully submitted,

Date: June 13, 2018

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LAW FIRM, LLC

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EXHIBIT A

Carolina Water Service, Inc.
Docket No. 2017-292-WS
SCHEDULE OF RATES AND CHARGES

2. Non-Recurring Charges

- A. Water Service Connection (New connections only) - \$300 per SFE.
- B. Plant Impact Fee (New Connections only) - \$400 per SFE.

The Plant Impact Fee reflects the portion of plant capacity which will be used to provide service to the new customers as authorized by Commission Rule R. 103-702.13. The plant impact fee represents the Utility's investment previously made (or planned to be made) in constructing water production, treatment and/or distribution facilities that are essential to provide adequate water service to the new customer's property.

C. Tax Multiplier

Except as otherwise provided by contract approved by the South Carolina Public Service Commission, amounts paid or transferred to the Utility by customers, builders, developers or others, either in the form of cash or property, are to be increased by a cash payment in an amount equal to the income taxes owed on the cash or property transferred to the Utility by customers, builders, developers or others and properly classified as a contribution or advance in aid of construction in accordance with the Uniform System of Accounts. Included in this classification are Water Service Connection Fee and Plant Impact Fees. The amount of the required cash payment is \$33.24 for each \$100 in contribution or advance in aid of construction, which is based upon the total effective Federal and South Carolina corporate income tax rate.¹ This amount may be changed to reflect any changes in either corporate income tax rate.

- D. Water Meter Installation - 5/8 inches x 3/4 inches meter \$45.00

All 5/8 inch x 3/4 inch water meters shall meet the Utility's standards and shall be installed by the Utility. A one-time meter fee of \$45 shall be due upon installation for those locations where no 5/8 inch x 3/4 inch meter has been provided by a developer to the Utility.

For the installation of all other meters, the customer shall be billed for the Utility's actual cost of installation. All such meters shall meet the Utility's standards and be installed by the Utility unless the Utility directs otherwise.

¹ The current total effective income tax rate for Carolina Water Service, Inc. is 24.95%. This is calculated as Tax Rate = F + S (1-F). Therefore, the tax Multiplier that should be used to increase the CIAC (cash or donated facilities) amount for the Tax Act is 33.24%. This is calculated as Multiplier = Tax Rate / (1-Tax Rate), where:
Tax Rate = Total effective income tax rate
F = Federal tax rate of 21%
S = South Carolina State tax rate of 5%
Therefore, for a \$100 base amount of CIAC, the total payment would be \$133.24, and the tax multiplier liability would be \$33.24. A Connection Fee of \$300 would require a total payment of \$399.72 and an Impact Fee of \$400 would require a total payment of \$532.96.

Carolina Water Service, Inc.
Docket No. 2017-292-WS
SCHEDULE OF RATES AND CHARGES

after timely notice of not less than thirty (30) days shall be just cause for interruption of service until a visual inspection port has been installed.

3. Non-recurring Charges

A. Sewer Service Connection (New connections only) \$300 per SFE.

B. Plant Impact Fee (New connections only) \$400 per SFE.

The Plant Impact Fee shall be computed by using South Carolina DHEC "Guide Lines for Unit Contributory Loadings to Wastewater Treatment Facilities" (1972) to determine the single family equivalency rating. The plant capacity fee represents the Utility's investment previously made (or planned to be made) in constructing treatment and/or collection system facilities that are essential to provide adequate treatment and disposal of the wastewater generated by the development of the new property.

The nonrecurring charges listed above are minimum charges and apply even if the equivalency rating of non-residential customer is less than one (1). If the equivalency rating of a non-residential customer is greater than one (1), then the proper charge may be obtained by multiplying the equivalency rating by the appropriate fee. These charges apply and are due at the time new service is applied for, or at the time connection to the sewer system is requested.

C. Tax Multiplier

Except as otherwise provided by contract approved by the South Carolina Public Service Commission, amounts paid or transferred to the Utility by customers, builders, developers or others, either in the form of cash or property, are to be increased by a cash payment in an amount equal to the income taxes owed on the cash or property transferred to the Utility by customers, builders, developers or others and properly classified as a contribution or advance in aid of construction in accordance with the Uniform System of Accounts. Included in this classification are Sewer Service Connection Fee and Plant Impact Fees. The amount of the required cash payment is \$33.24 for each \$100 in contribution or advance in aid of construction, which is based upon the total effective Federal and South Carolina corporate income tax rate.² This amount may be changed to reflect any changes in either corporate income tax rate.

² The current total effective income tax rate for Carolina Water Service, Inc. is 24.95%. This is calculated as Tax Rate = F + S (1-F). Therefore, the tax Multiplier that should be used to increase the CIAC (cash or donated facilities) amount for the Tax Act is 33.24%. This is calculated as Multiplier = Tax Rate / (1-Tax Rate), where:

Tax Rate = Total effective income tax rate

F = Federal tax rate of 21%

S = South Carolina State tax rate of 5%

Therefore, for a \$100 base amount of CIAC, the total payment would be \$133.24, and the tax multiplier liability would be \$33.24. A Connection Fee of \$300 would require a total payment of \$399.72 and an Impact Fee of \$400 would require a total payment of \$532.96.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA
DOCKET NO. 2017-381-A**

CERTIFICATE OF SERVICE

I, Carl Bell, hereby certify that I have, on this 13th day of June, 2018 served the **AMENDED "EXHIBIT A" TO MOTION FOR MODIFICATION OF SCHEDULE OF RATES AND CHARGES** upon the parties listed below by Email to the following person(s) and addresses:

DOCKET No. 2017-381-A –Certificate of Service Listing

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